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Brazil

Livestock and Products

Semi-Annual Livestock Report

2009

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Report Highlights:

The adverse impact of the world financial crisis brings uncertainty to Brazilian beef and pork exporters in 2009. Both beef and pork exporters face reduced demand from their most traditional import markets. In the domestic market, demand for pork is forecast to increase slightly due to high retail beef prices during a period where the rate of unemployment is increasing among Brazilians. In addition, beef packers face a shortage of animals due to reduced slaughter and several beef packers have filed for protection from creditors under the local equivalent of U.S. Chapter 11 bankruptcy law. Pork packers also face high stocks because of the drop in exports in the past months and have put off thousands of works on paid leave nationwide to adjust stocks. Despite the current low cost of feed, hog producers face a decline in domestic prices.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Brasilia [BR1]
[BR]

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Executive Summary

Post revised production and export forecasts for Brazilian beef in 2009 to reflect new estimates made by trade sources. These estimates reflect the current mood among Brazilian exporters as they face uncertainty in the world market due to the credit crunch. Beef production will likely drop for the second consecutive year due to a continued shortage of cattle, reduced exports, lower domestic demand, and financial constraints faced by several beef packers in Brazil. The outlook for pork also calls for a small drop in production and exports, but some growth in domestic demand as pork prices are competitive with beef prices in the retail market.

The outlook for the Brazilian economy in 2009, although better than other emerging markets, does not support an increase in domestic demand for animal protein, as unemployment rates are higher due to the impact of the world financial crisis in different sectors of the economy. Most market analysts project a 1 to 2 percent increase in the Brazilian economy this year.

Commodity Outlook, Beef

Production

Post revised beef production in 2009 to decline by one percent from last year. This reflects our estimate for a small decline in beef exports in 2009, roughly the same level as 2008, and a small drop in domestic consumption due to the high price of beef compared to other proteins. Consumer purchasing power is expected to deteriorate in view of the impact of the world economic crisis in the Brazilian economy. In addition, the Brazilian cattle cycle faces an upward price cycle due to the high levels of cow slaughter in recent years. This is also projected to impact packers' profitability as can be seen by the high number of packers that have filed for protection from creditors under the local equivalent of U.S. Chapter 11 bankruptcy law.

Trade

Post revised beef exports downward by 1 percent in 2009 due to the impact of the current world credit crunch affecting the most traditional importers of Brazilian beef. In 2009, packers will focus their market promotion in the Middle East, Indonesia, Morocco and China. They also count on the recent opening of the Chilean market and a higher number of accredited farms to increase exports to the European Union offsetting some of the losses in other traditional markets.

Brazilian beef exports dropped in 2008 by nearly 18 percent. The total volume exported, including variety meats, was 1.314 million metric tons versus 1.586 million metric tons in 2007 – PWE equivalent. However, the total value exported increased by nearly 17 percent and reached US\$ 5.081 million, versus US\$ 4.354 million in 2007, reflecting an increase of over 40 percent in the average export price.

The three most important markets for Brazilian beef showed major declines in imports during 2008. Russia, the most important market, accounted for nearly 30 percent of all exports, even though exports declined by nearly 16 percent in 2008. The European Union remained as the second largest export market for Brazilian beef, despite a decline of 56 percent in exports during 2008 due to the problems of accreditation of Brazilian cattle farms. Venezuela and Iran were the third and fourth, largest importers in 2008.

Note: Differences between export data reported by Brazilian trade sources and those used by Post are due to the use of different conversion factors. Brazilian sources use a 2.5 percent factor for conversion of processed beef into Carcass Weight Equivalent (CWE), while post uses 1.79. The same applies for boneless beef, as Post uses 1.42 as the conversion factor, while Brazilian trade sources use 1.36. In addition, and as per FAS reporting instructions, variety meats (beef offals), HTS 0206 are not included for reporting purposes in our PSD and Trade Matrix tables.

Commodity Outlook, Pork

Production

Post revised pork production downward in 2009, roughly the same level as 2008, to reflect the adverse impact of the credit crunch on major import markets of Brazilian pork, even though post forecast a slight increase in domestic pork demand because pork prices are currently competitive with beef prices. Although hog producers face a current stability of feed prices, mostly corn, the drop in producer's prices may affect their long term profitability.

Trade

Pork exports are estimated to decline in 2009 due to continued poor demand in the world market, mainly Russia. Brazilian pork exporters are focusing their strategies in 2009 on new markets in Asia, such as China, and have begun to advocate for access to the US and Mexican markets.

Brazilian pork exports in 2008, including variety pork cuts, declined by 13 percent in volume (523,329 metric tons versus 600,568 metric tons - PWE in 2007). However, exports increased by 20 percent in value (US\$ 1.5 billion, versus US\$ 1.2 billion in 2007) because of the increase in the average export price of 38 percent over 2007.

Russia is by far the most important market for Brazilian pork exports, although Russia's market share of Brazilian pork imports declined from 46 to 43 percent in 2008. Hong Kong remained the second largest Brazilian market for pork exports with an increase in market share from 17 to 20 percent, followed by Ukraine with 9 percent market share. Angola, Argentina, Moldova and Singapore are other important markets for Brazilian pork.

PSD Tables

Animal Numbers, Cattle

Animal Numbers, Cattle Brazil	2007			2008		2009		
	2007			2008		2009		
	Market Year Begin: Jan 2007			Market Year Begin: Jan 2008		Market Year Begin: Jan 2009		
	Annual Data Displayed		New Post	Annual Data Displayed	New Post	Annual Data Displayed	Jan	
			Data		Data		Data	
Total Cattle Beg. Stks	173,830	180,300	173,830	175,437	175,437	177,492	180,376	(1000 HEAD)
Dairy Cows Beg. Stocks	34,766	36,021	34,766	35,090	35,090	35,403	35,403	(1000 HEAD)
Beef Cows Beg. Stocks	48,672	50,429	48,672	49,122	49,122	49,565	49,565	(1000 HEAD)
Production (Calf Crop)	48,845	54,450	48,845	48,685	49,298	49,660	50,563	(1000 HEAD)
Intra-EU Imports	0	0	0	0	0	0	0	(1000 HEAD)
Other Imports	10	0	0	45	35	50	45	(1000 HEAD)
Total Imports	10	0	0	45	35	50	45	(1000 HEAD)
Total Supply	222,685	234,750	222,675	224,167	224,770	227,202	230,984	(1000 HEAD)
Intra EU Exports	0	0	0	0	0	0	0	(1000 HEAD)
Other Exports	438	280	432	525	399	580	435	(1000 HEAD)
Total Exports	438	280	432	525	399	580	435	(1000 HEAD)
Cow Slaughter	15,393	16,773	15,393	13,282	13,325	12,304	13,439	(1000 HEAD)
Calf Slaughter	600	700	600	400	400	400	350	(1000 HEAD)
Other Slaughter	26,352	24,877	26,342	28,268	26,070	29,987	25,608	(1000 HEAD)
Total Slaughter	42,345	42,350	42,335	41,950	39,795	42,691	39,397	(1000 HEAD)
Loss	4,465	4,453	4,481	4,200	4,200	4,300	4,200	(1000 HEAD)
Ending Inventories	175,437	187,667	175,437	177,492	180,376	179,631	186,952	(1000 HEAD)
Total Distribution	222,685	234,750	222,675	224,167	224,770	227,202	230,984	(1000 HEAD)
CY Imp. from U.S.	0	0		0		0	0	(1000 HEAD)
CY Exp. to U.S.	0	0		0		0	0	(1000 HEAD)

Cattle, Beef

Meat, Beef and Veal Brazil	2007			2008		2009		
	2007			2008		2009		
	Market Year Begin: Jan 2007			Market Year Begin: Jan 2008		Market Year Begin: Jan 2009		
	Annual Data Displayed		New Post	Annual Data Displayed	New Post	Annual Data Displayed	Jan	
			Data		Data		Data	
Slaughter (Reference)	42,345	42,350	42,325	41,950	39,795	42,691	39,397	(1000 HEAD)
Beginning Stocks	0	0	0	0	0	0	0	(1000 MT CWE)
Production	9,303	9,325	9,303	9,205	9,024	9,395	8,935	(1000 MT CWE)
Intra-EU Imports	0	0	0	0	0	0	0	(1000 MT CWE)
Other Imports	30	30	31	33	26	30	35	(1000 MT CWE)
Total Imports	30	30	31	33	26	30	35	(1000 MT CWE)
Total Supply	9,333	9,355	9,334	9,238	9,050	9,425	8,970	(1000 MT CWE)
Intra EU Exports	0	0	0	0	0	0	0	(1000 MT CWE)
Other Exports	2,189	2,235	2,215	1,925	1,822	2,015	1,805	(1000 MT CWE)
Total Exports	2,189	2,235	2,215	1,925	1,822	2,015	1,805	(1000 MT CWE)
Human Dom. Consumption	7,144	7,120	7,119	7,313	7,228	7,410	7,165	(1000 MT CWE)
Other Use, Losses	0	0	0	0	0	0	0	(1000 MT CWE)
Total Dom. Consumption	7,144	7,120	7,119	7,313	7,228	7,410	7,165	(1000 MT CWE)
Ending Stocks	0	0	0	0	0	0	0	(1000 MT CWE)
Total Distribution	9,333	9,355	0	9,238	9,050	9,425	8,970	(1000 MT CWE)
CY Imp. from U.S.	0	0	0	0	0	0	0	(1000 MT CWE)
CY. Exp. to U.S.	118	125	118	120	95	135	100	(1000 MT)

								CWE)
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Import Trade Matrix, Beef, Jan-Dec 2007-08

Import Trade Matrix

Country

Brazil

Commodity

Meat, Beef and Veal

Time Period

Jan-
Dec

Units:

Metric
Tons

Imports for:

2007

2008

U.S.

U.S.

0

Others

Others

Argentina	7688		6713
Paraguay	4110		3936
Uruguay	9930		10034

Total for Others

21728

20683

Others not Listed

20

226

Grand Total

21748

20909

HTS: 0201,0202,021020,160250

Export Trade Matrix, Beef, Jan-Dec 2007-08

Export Trade Matrix**Country**

Brazil

Commodity

Meat, Beef and Veal

Time Period	Jan-Dec	Units:	Metric Tons
Exports for:	2007		2008
U.S.	66036	U.S.	52818
Others		Others	

Angola	14938		22058
Algeria	51785		48432
Chile	6502		3967
Egypt	177803		68707
European Union	295356		130451
Hong Kong	42274		68699
Iran	61289		81202
Israel	31067		32644
Lebanon	19353		20017
Phillippines	36628		15236
Russia	448115		382859
Saudi Arabia	42540		37563
Singapore	12730		9141
Ukraine	4400		25380
Venezuela	46675		96827

Total for Others	1291455		1043183
Others not Listed	145454		133092
Grand Total	1502945		1229093

HTS:0201,0202,021020,160250

Animal Numbers, Swine

Animal Numbers, Swine Brazil	2007			2008		2009		
	2007			2008		2009		
	Market Year Begin: Jan 2007			Market Year Begin: Jan 2008		Market Year Begin: Jan 2009		
	Annual Data Displayed		New Post	Annual Data Displayed	New Post	Annual Data Displayed	Jan	
			Data		Data		Data	
Total Beginning Stocks	33,147	33,147	33,147	32,797	32,947	32,870	33,277	(1000 HEAD)
Sow Beginning Stocks	3,040	3,040	3,040	3,050	3,030	3,080	3,040	(1000 HEAD)
Production (Pig Crop)	33,940	34,530	34,530	35,080	34,845	36,040	36,095	(1000 HEAD)
Intra-EU Imports	0	0	0	0	0	0	0	(1000 HEAD)
Other Imports	0	0	0	0	0	0	0	(1000 HEAD)
Total Imports	0	0	0	0	0	0	0	(1000 HEAD)
Total Supply	67,087	67,677	67,677	67,877	67,792	68,910	69,372	(1000 HEAD)
Intra EU Exports	0	0	0	0	0	0	0	(1000 HEAD)
Other Exports	3	0	0	2	0	0	0	(1000 HEAD)
Total Exports	3	0	0	2	0	0	0	(1000 HEAD)
Sow Slaughter	180	180	180	150	150	125	150	(1000 HEAD)
Other Slaughter	32,710	32,710	32,930	33,757	33,165	34,800	33,110	(1000 HEAD)
Total Slaughter	32,890	32,890	33,110	33,907	33,315	34,925	33,260	(1000 HEAD)
Loss	1,397	1,600	1,620	1,098	1,200	1,100	1,250	(1000 HEAD)
Ending Inventories	32,797	33,187	32,947	32,870	33,277	32,885	34,862	(1000 HEAD)
Total Distribution	67,087	67,677	0	67,877	67,792	68,910	69,372	(1000 HEAD)
CY Imp. from U.S.	0	0	0	0	0	0	0	(1000 HEAD)
CY. Exp. to U.S.	0	0	0	0	0	0	0	(1000 HEAD)

Swine, Pork

Meat, Swine Brazil	2007			2008		2009		
	2007			2008		2009		
	Market Year Begin: Jan 2007			Market Year Begin: Jan 2008		Market Year Begin: Jan 2009		
	Annual Data Displayed		New Post	Annual Data Displayed	New Post	Annual Data Displayed	Jan	
			Data		Data		Data	
Slaughter (Reference)	33,890	32,890	33,110	33,907	33,315	34,925	33,260	(1000 HEAD)
Beginning Stocks	0	0	0	0	0	0	0	(1000 MT CWE)
Production	2,990	2,970	2,990	3,055	3,015	3,160	3,010	(1000 MT CWE)
Intra-EU Imports	0	0	0	0	0	0	0	(1000 MT CWE)
Other Imports	0	0	0	0	0	0	0	(1000 MT CWE)
Total Imports	0	0	0	0	0	0	0	(1000 MT CWE)
Total Supply	2,990	2,970	2,990	3,055	3,015	3,160	3,010	(1000 MT CWE)
Intra EU Exports	0	0	0	0	0	0	0	(1000 MT CWE)
Other Exports	730	660	730	675	625	705	610	(1000 MT CWE)
Total Exports	730	660	730	675	625	705	610	(1000 MT CWE)
Human Dom. Consumption	2,260	2,310	2,260	2,380	2,390	2,455	2,400	(1000 MT CWE)
Other Use, Losses	0	0	0	0	0	0	0	(1000 MT CWE)
Total Dom. Consumption	2,260	2,310	2,260	2,380	2,390	2,455	2,400	(1000 MT CWE)
Ending Stocks	0	0	0	0	0	0	0	(1000 MT CWE)
Total Distribution	2,990	2,970	2,990	3,055	3,015	3,160	3,010	(1000 MT CWE)
CY Imp. from U.S.	0	0	0	0	0	0	0	(1000 MT CWE)
CY. Exp. to	0	0	0	0	0	0	0	(1000

U.S.								MT CWE)
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Export Trade Matrix, Pork, Jan-Dec, 2007-08**Export Trade Matrix****Country**

Brazil

Commodity

Meat, Swine

Time Period

Jan-Dec

Units:

Metric Tons

Exports for:

2007

2008

U.S.

0

U.S.

0

Others

Others

Albania	13795		2719
Angola	15721		20039
Argentina	23340		20945
European Union	128		162
Georgia	5291		4012
Hong Kong	86242		82061
Moldova	10222		16242
Russia	271856		220285
Singapore	31876		21864
South Africa	481		123
UAE	6395		6308
Ukraine	54747		48985
Uruguay	10423		8829

Total for Others

530517

452574

Others not Listed

31402

28549

Grand Total

561919

481123

HTS:

020311,020312,020319,020321,020322,020329,
and 021011,021012,021019,160241,160242,160249